

Town of Garrett Park

FY 2010 Budget: Ordinance 2009-01

REVENUES

1000 - TAXES & FEES:

FY 2010 REAL ESTATE TAX collections are projected to be level with estimated FY 2009 collections of \$440,000. There is a slight (1%) drop of \$2,250,000 in the Town's net assessable tax base to \$229,280,389, resulting in a Constant Yield Tax Rate of 19.2 cents. A significantly greater reduction in the tax base is expected in FY 2011.

PERSONAL PROPERTY TAXES are expected to decline slightly due to a drop off in taxes paid by businesses owned and operated out of homes by residents. We expect taxes on utilities' property and on businesses in Penn Place to remain the same.

LOCAL INCOME TAX receipts are projected to decline to \$150,000, a 50% reduction from FY 2008 receipts, and a 25% reduction from FY 2009 projections. This is an "educated guess" as there are two variables which are difficult to quantify: the effect of the current recession on residents' income tax payments; and the actions the state may take to reduce the local share of income tax receipts in order to balance the state budget.

LICENSES & PERMITS We anticipate a reduction in building permit fees.

2000 - INTERGOVERNMENTAL REVENUES:

HIGHWAY USER FUND receipts for FY 2010 were originally projected by the state to be \$54,456, but are now anticipated to be \$35,000. Recent legislative action to fund the deficit in the state budget has cut approximately 30% from these funds.

OTHER STATE GRANTS: The recent Cambria Park Project will use up approximately \$36,000 of the Town's Program Open Space funds, leaving \$20,000 available for further projects. However, as no proposals are ready for grant application at this time, none of this potential funding is anticipated in the budget.

MONTGOMERY COUNTY REVENUE SHARING is now projected to be \$35,000. The County Executive has promised to try to level-fund Revenue Sharing, but a 30% adjustment down seems prudent, given the County's own financial challenges. The Historic Preservation Committee has applied for a County Historic Preservation Grant of \$2,250 as a 50% match for developing an interactive page on the website to enhance the historic house walking tour brochure that was developed last year.

3000 - SERVICE CHARGES:

MUNICIPAL REFUSE FEES are reduced by \$15,200 (11%) due to a decrease in the fuel adjustment charge. Our contractor has agreed to keep all other charges the same for FY 2010.

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5000- MISCELLANEOUS REVENUES:

INVESTMENT EARNINGS are to be expected to be much reduced as our invested funds balance will be significantly lower than in FY 2009, and interest rates have fallen almost to Zero.

RENTS & CONCESSIONS: The increase in Rents and Concessions reflects the contracted increase for the Black Market Bistro. New leases for other tenants need to be negotiated before October. Also, activity at the Town Hall has continued at a high level, so we expect to see Town Hall revenue of at least \$20,000.

CONTRIBUTIONS & DONATIONS: For each of the past five years the Town has received a grant of \$20,000 to support the Town's archives and related educational and public records preservation projects. Due to the current decline in the stock market the grantor, the Cove Charitable Trust of Boston, has been forced to reduce this grant to \$10,000.

RESERVES & CONTINGENCIES

25000 - Transfer to Operating Reserve: This proposed budget places an additional \$50,000 into the Operating Reserve. This will increase the reserve's balance to \$175,000, 20% of the operating budget. Funds may be withdrawn from the Operating Reserve by Ordinance only, and are held in the Town's interest-bearing account in the Montgomery County Pooled Investment Fund. Actively managed by the County's Finance Department, the Pooled Investment Fund holds the County's reserves as well as funds from other municipalities.

Operating Contingency: The budget proposes an Operating Contingency of \$30,000. Funds may be transferred from Contingency to other lines in the budget by Council resolution.

Capital Contingency: This is reduced to Zero in this budget. However, when the books are closed for FY 2009 there is expected to be "Free Cash," that comprises funds held in the treasury that have not been appropriated. These funds are available to the Council for additional appropriations, some of which may be applied to the CAPITAL PROGRAM.

TRANSFERS

FY 2009 Surplus: An estimated FY 2009 budget surplus of \$39,175 will help offset a cash flow deficit resulting from the expenditure of \$53,000 of prior years' capital appropriations. It is proposed to apply \$37,125 from available funds in the treasury ("free cash") to the FY 2010 budget, resulting in a total draw on the Town's "Free Cash" of \$90,125. Current projections put the total "Free Cash" available at the end of FY 2009 to be \$289,407, so a balance of just under \$200,000 is projected for the start of FY 2010.

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EXPENDITURES

10000 PERSONNEL:

SALARIES This line reflects the 7% second year increase provided for in the current 3-year contract with the Town Administrator, as well as a 5% increase for the Maintenance Superintendant and Town staff. It is anticipated that the FY 2011 and FY 2012 budgets may require a renegotiation of the Town Administrator's contract due to the need to limit or forego any salary increases in those years. Given that the Town's staffs' salary range is in the lower end of prevailing wages for similar positions in Montgomery County, it seems reasonable to provide for these increases in FY 2010 when the Town's financial position remains fairly robust.

OVERTIME Due to increased staffing and increased capability, especially in snow removal, it has been possible to cut the need for overtime.

BENEFITS are projected to increase by 3%, primarily driven by an estimated 7% increase in health insurance costs. The Town's self-insurance program continues to provide for excellent cost containment.

PAYROLL TAXES, PENSION CONTRIBUTION, and WORKERS COMPENSATION INSURANCE increases are directly tied to salary increases.

11000 TOWN ADMINISTRATION:

ELECTED & APPOINTED OFFICIALS This line is substantially increased, due to the addition of \$4,500 for the Historic Preservation Committee's project, to be 50% offset by a County grant, and \$2,500 to establish a budget for the Land Use Task Force.

ARCHIVES & PUBLIC RECORDS The reduction of \$6,800 is an adjustment to the decline in grant funds.

PROFESSIONAL FEES There is a dramatic drop of \$179,000.

12000 SPONSORSHIPS, SUBSCRIPTIONS, DUES:

MEMBERSHIP DUES These are the Town's annual dues to the Maryland Municipal League (MML). An increase of \$500 is projected.

SPONSORSHIPS We are increasing the Town's support for the Citizens Association from \$950 to \$1,500 to help defray increase publishing costs for the *Bugle*. Also, the Town has pledged \$5,000 to the Garrett Park Elementary School Educational Foundation in support of funding an enlarged stage in the new school building.

13000 BUILDINGS & GROUNDS: Mainly on-going repairs and maintenance adjusted for increased wear & tear.

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14000 TOWN SERVICES:

ROADS & SIDEWALKS Funding in this line is increased \$3,375 (5%) primarily to provide for re-painting road markings and replacing and repairing missing and damaged signage.

MUNICIPAL REFUSE This line is reduced \$15,200, primarily due to a reduction in the fuel surcharge the Town had been paying its contractor, Montgomery County Sanitation and Recycling. The contractor has agreed to no increase in service charges in FY 2010.

ARBORETUM This has been level funded. The Capital Budget has \$5,000 for new trees.

PARKS funding is increased \$2,725 (70%) to make up for underfunding in recent years.

16000 EQUIPMENT REPAIR & MAINTENANCE: This account is level-funded for FY 2010. The only possible problem would be a significant increase in the price of gasoline, but most projections see only modest increases until demand for oil increases with a global economic recovery, which is not expected to begin until late in 2010 or early 2011.

17000 PUBLICATION EXPENSES: This is the account for the Town's website maintenance and development contract with the website's designer.

18000 CONFERENCES, MEETINGS, TRAINING: This line is increased by \$1,400 to cover MML events, special events the Town might host, and staff training. It does not support attendance at major conferences.

19000 OPERATING CONTINGENCY: This is maintained at \$30,000.

23000 TRANSFERS TO CAPITAL: This is set at \$55,000 for FY 2010. The one new project anticipated is the extension of the North Kenilworth Drain.

25000 TRANSFERS TO OPERATING RESERVE: This transfer is set at \$50,000, bringing the total OPERATING RESERVE to \$175,000, 20% of the operating budget.

TOTAL EXPENDITURES: Total FY 2010 Operating & Capital budget is \$982,675, a reduction of 13% from the FY 2009 budget.